

ARTICLE APPEARED

ON PAGE C-5

NEW YORK DAILY NEWS

14 April 1986

CIA is still a rebel-rouser

Agency sidesteps ban on direct military aid to Sandinista foes

By ROBERT PARRY
and BRIAN BARGER

The Associated Press

WASHINGTON

The Central Intelligence Agency, barred from providing military aid to Nicaraguan rebels, secretly funneled several million dollars to the contras for political projects over the past year, U.S. government officials say.

The officials said the money went to the rebels' political umbrella group, the United Nicaraguan Opposition (UNO), to pay rebel officials and supporters, open offices in Europe and Latin America and take trips to seek foreign support.

The money came out of the CIA's overall budget, over which President Reagan and CIA Director William Casey have wide discretion. The CIA must inform the two congressional intelligence committees of such covert spending and officials said notification did take place.

The officials said the CIA described the spending as going for "political projects." While not providing a precise figure, they said it came to several million dollars.

The clandestine aid also allowed the CIA to maintain a strong influence over the rebel movement, though a congressional ban existed from October 1984 through September 1985 that prohibited the agency from spending money that "would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua," the officials said.

The CIA assistance was

separate from \$27 million in nonlethal aid that Congress approved last year for the rebels fighting Nicaragua's leftist government. That money is administered by a special State Department office, and Congress included specific language in the law barring involvement of the CIA in its distribution.

CIA spokeswoman Kathy Pherson refused comment on the political aid, but said the agency "has complied with congressional restrictions" on its activities.

'Major program'

While the intelligence committees were informed about the secret contra program, other members of Congress—even those who closely follow developments in Central America—appeared unaware of the current CIA role.

One knowledgeable U.S. official described the CIA effort as "a major program" that was intended "to strengthen the civilian leadership (of the rebel movement) and create the aura that they are an actual political entity among our allies in Europe."

One official said a political operation had existed during the period of CIA military aid to the contras from 1981-84 and was revived or expanded in mid-1985 when the rebels' umbrella group was created.

While the CIA depicts the aid as political rather than military, internal umbrella group documents show much of its political money going to military organizations allied with it.

According to the documents covering August 1985 through February of this year, the Nicaraguan Democratic Force (FDN) the

largest rebel army, was allocated \$456,707 for costs including its office space, "security" and operation of the rebels' 15th of September radio station. The documents do not explain what is meant by "security," but it consumed \$165,250 of the total FDN spending.

Bosco Matamoros, a spokesman for both the umbrella group and the FDN, declined comment.

From 1981 to 1984, the CIA spent at least \$80 million to organize and supply the contras. Congress halted that aid in 1984 amid disclosures that the CIA had directed the mining of Nicaraguan harbors and prepared a manual counseling the contras on "neutralizing" government officials.